

FINANCE COMMITTEE REPORT

September 6, 2011

A Finance Committee meeting was held Tuesday, September 6, 2011 at 5:30 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Allen, Jones, Douglas, Curry, Moore, J. Harrison
Absent: Winscott

Others Present: County Judge Bob Clinard, JP Dale King, Comptroller Richard McComas, Accounting Manager Sarah Daniels, Grants Administrator Richard Redfearn, Administrator of General Services Elizabeth Bowen, Information Systems Director Sidney Reynolds

Tom Sissom – Benton County Daily Record

Chair JP Allen called the meeting to order.

1. Grants Administrator Report

Grants Administrator Richard Redfearn reported that: 1) the A-133 Single Audit for Federal Programs was completed and that the county qualified as low risk; 2) Department of Justice - Adult Drug Court grant is still pending; 3) the Department of Justice Coverdell Forensic Science Improvement Grant for the Coroner's Office has been awarded; 4) The application for the National Historical Publications & Records Commission – Digitizing Public Records grant has been withdrawn at the request of County Clerk Tena O'Brien and that the county can re-apply next year; 5) the committee will hear a request to apply for an Arkansas Economic Development Administration – Arkansas Energy Office CNG Fueling Station program grant. He said that the CNG Vehicle Conversion program is a rebate program that will cover 50% of the costs of conversion to compressed natural gas; 6) the Department of Justice – Justice Assistance Grant (JAG) FY2011 has been awarded; 7) the Department of Energy – Energy Efficiency & Conservation Block Grant (EECGB) has been awarded; and 8) the Benton County Westside Road Yard contracts are in place.

2. Appropriation Ordinance Request: Juvenile Justice Center

Comptroller Richard McComas stated this appropriation ordinance request for \$120,000 is to increase the contingency fund for the Juvenile Justice Center. JP Allen questioned why the appropriation is needed.

Richard McComas stated that the Juvenile Justice Center project is \$59,832 over budget, and that appropriating \$120,000 will leave a contingency of \$60,200 to complete the project.

JP Allen questioned the cost of \$35,913 for landscaping.

County Judge Bob Clinard stated that the landscaping includes Bermuda grass sod, an irrigation system, and five trees along the Melissa Drive side, with a few bushes around the front entrance of the Juvenile Justice Center, which is minimal. He added that the budget and spec documents were for fescue seed and straw.

JP Douglas stated that he could not see spending \$36,000 on landscaping for a jail, and he does not care if there are trees out front or not. He said that \$100 worth of fescue seed will take care of the whole thing. He added that it's a jail, we are not inviting people to come back, and we're not building it for how pretty it looks.

JP Allen stated the costs of this project are climbing, and that the \$36,000 request for landscaping is the only thing that he can see that is not necessary at this time. County Judge Bob Clinard stated that the landscaping will have to be bid.

Lengthy discussion was held on the pending expenses that had not been budgeted on the worksheet for the Juvenile Justice Center and the type of landscaping to be done.

Fiber Optic Relocation/Installation	\$ 16,097.90
Additional Fence	\$ 10,000.00
Landscaping	\$ 35,913.00
Additional Intercom	\$ 6,000.00
Metal Detector	\$ 4,500.00
Security System Question RFI #16	\$ 14,547.00
Furr Out Hose Connection Boxes	\$ 2,000.00
Phone & Data @ Guards Desk	\$ 1,378.00
Door G175A Changes	\$ 1,000.00
Upgrade Cameras to Digital	\$ 10,000.00
Audio Visual & Sound System	<u>\$ 22,000.00</u>

Total Expenses over Budget: \$ 59,832.60

JP Curry suggested that the county use inmates to maintain the property. County Judge Bob Clinard explained that the juvenile detainees being held are prohibited by law from being able to see jail detainees, and in addition to that, they are under the authority of the Sheriff, not the County Judge, so he cannot order them to do any work. JP Moore suggested contacting the Sheriff to see if he would be willing to have the inmates do the ground maintenance. Richard McComas stated that the Sheriff's Department already does the mowing.

JP Douglas made motion to forward an appropriation ordinance request for \$60,000 for additional expenses for the Juvenile Justice Center, with the exception of landscaping costs, to the September 13, 2011 Committee of Thirteen agenda, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

3. Sales Tax Numbers

Richard McComas reported that the county's sales tax numbers are down 21.39 % for the month, which is actually less of a decrease, with an overall 23% decrease for the year. He stated that he still feels that the county is on target to make the \$6.3 million projected for 2011.

4. Jail Collections

Richard McComas stated that Jail Collections this month were \$50,400, down \$82,933 from what was expected, but these figures do not include the Department of Corrections payment from the state. McComas added that Jail Collections are up \$241,822 for the year.

5. Fuel Analysis

Accounting Manager Sarah Daniels reported that to date, the Road Department is at 80% of their budget and the Sheriff's Department is at 62%. She reported that average costs for unleaded fuel has increased 35%, with a 36% increase for diesel.

Richard McComas stated that the reimbursements from FEMA would offset the difference in the budget. He stated that the county has collected approximately one-quarter of a million dollars from FEMA, and is anticipating another \$850,000, but that FEMA is answering other calls due to the hurricane disasters in the northeast.

6. Monthly Fund Summary

Sarah Daniels reported on the Monthly Fund Summary Report and stated that at this point in the year, budgets should be at 66%, and that the General Fund is at 61.89%.

Richard McComas stated that the Road Department budget is at 71.76% due to flood damages, and that there will be reimbursement from FEMA.

7. Discussion - Janitorial Services

County Judge Bob Clinard stated the low bid for contracting out the janitorial services came in at \$174,404 for what is currently being cleaned now, and that janitorial services and supplies are currently costing the county \$246,191. He added that this bid would provide the same level of cleaning that is being performed now.

County Judge Bob Clinard stated that shortly after receiving the bids, he had received an email from Judge Green on behalf of Judge Clinger, Judge Scott, Judge Duncan, and herself, requesting for security reasons that the janitorial services for the entire Judicial Center continue to be performed by staff persons employed by Benton County. He added that Assessor Bear Chaney would also prefer to keep his janitorial staff. He stated that the total savings excluding Unemployment Taxes would be \$47,680 the first year, and after unemployment was paid the county would break even.

Discussion was held on the savings for contracting the janitorial services out for county buildings and the security issues involved with the Circuit Judge's offices.

JP Jones stated that security concerns will exist regardless of who hires the cleaning crews, and suggested that the Circuit Judges consider using their own budgets for the work if they're unhappy with what the county provides. He added that they can either do it out of their own money or take what they are given.

JP Allen stated that what they are trying to do is to save the county money and operate county government without spending so much money.

JP Curry stated that security concerns should be addressed by the officials in charge of the offices, and that is separate from the question of janitorial services. He added that the security of their office is their concern, not the County Judge's responsibility.

County Judge Bob Clinard stated that the janitorial service bids have expired, and will need to be rebid in order to have updated information before the next Finance Committee meeting on October 4, 2011.

JP Allen stated he would like for a representative from the Circuit Judge's offices to attend the next Finance Committee meeting and explain what they are thinking.

Further discussion was held on having the janitorial service re-bid before the October 4, 2011 Finance Committee meeting.

JP Douglas made motion to take re-bids for the janitorial services, and then reexamine the new bids and then if prudent then schedule a discussion with the Circuit Judges and Assessor, seconded by JP Moore

Motion passed by unanimous show of hands.

8. Discussion – CNG Fueling Station Grant

County Judge Bob Clinard stated that \$470,000 is available statewide from the Arkansas Energy Office for construction of a CNG fueling station, and it will require a large county match or other funding, and he is asking for permission to apply for a grant. He added that if they are interested in this program the deadline to submit an application is September 16, 2011. He stated that one of the stipulations of the grant is that the pumping station would have to be available to the public, and that it could be located at the current Road Department.

Discussion was held on applying for the Arkansas Energy Office – CNG Fueling Station program grant.

JP Moore made motion to approve application for the Arkansas Energy Office – CNG Fueling Station program grant, seconded by JP Harrison.

Motion passed by unanimous show of hands.

9. Other Business

County Judge Bob Clinard reported that the county has \$18,055,767 in unallocated funds, with a 10% statutory reserve estimate of \$5,805,557, leaving a total of \$12,250,190 in unallocated funds. He said that as of December 31, 2011, the Capital Projects Fund Balance will be \$976,323. He stated that the dedicated funds are; 1) Capital Projects \$1,302,721; 2) Budgeted 2011 Deposits \$3,925,000; 3) Remaining Estimated Costs for Juvenile Justice Centers \$2,951,398; 4) Completion of Westside Road facility \$650,000; and 5) Completion of Public Service Building Remodel \$650,000.

JP Douglas stated that his concern is what happens when our reserves gets to low, and that it is only prudent, that we establish what is a safe reserve fund amount, and that we need to hold back for emergencies.

Richard McComas stated that based on future budgets plus current reserves; there is \$5.8 million in reserve, with the \$3.5 million in mandatory reserves. He explained that a good reserve fund contains 3 months' operating expenses, which would be about \$10 million for the county's current \$40 million budget.

JP Allen asked if the \$3.5 million is still the working capital number. Richard McComas replied that \$3.5 million is a good working number. JP Allen asked if that includes all of the additions of buildings that will have to be maintained. Richard McComas stated that even though the other is a mandatory reserve, it can still be used for cash flow purposes; it is not going away.

JP Douglas stated that in other words the \$3.5 million would be the county's emergency fund.

JP Allen stated that based on the numbers, \$10 million would be a good number to have in reserves. Richard McComas stated that he would feel comfortable with \$10 million, but it is the Finance Committee that has to feel comfortable with it.

JP Allen stated that they have to make sure that the county has enough money now, since they have held back on spending for several years. JP Douglas stated that they have bridges to consider now. JP Allen stated that county employees have not received raises in a long time.

Richard McComas presented an updated list of anticipated expenses and projects with a total cost of about \$7.9 million, including: 1) 2011 Unemployment \$150,000; 2) Road Paving carryover from 2010 \$250,000; 3) Purchase of Road Graders \$2 million; 4) Conversion of existing JDC to useable County Offices \$100,000; 5) Renovation of Public Defenders current office space \$100,000; 6) Replenish Capital Projects Fund \$1,000,000; 7) Bridge Construction: Osage & Wildcat Hwy 68-Wagner Rd. \$3,000,000; 8) APERS increase for 2012 & 2013 \$600,000; 9) Security Cameras for the Courthouse, Annex, and Administration Building \$40,000; 10) CNG Fuel Program \$500,000; 11) Additional appropriation to complete the Juvenile Justice Center \$120,000; 12) Moving expenses for the Prosecutor's Office, Election Commission, Public Defender, Juvenile Justice Center, and Assessor \$75,000.

Richard McComas stated that this puts \$3.9 million in Capital Projects, and by the end of the year there will be close to \$1 million in Capital Projects if we complete all of the projects that are ongoing, and this would be in addition to the reserves that we would have. He added that the \$7.9 million is an updated list of potential projects, which would take the county's fund down to the \$10 million if approved.

Lengthy discussion was held on the anticipated expenses for the projects listed, and what projects could be adjusted or alleviated to save the county money.

JP Curry made motion to keep \$10 million in reserves, seconded by JP Harrison.

Motion passed by unanimous show of hands.

Richard McComas stated that the 2012 capital requests being presented are relatively the same as last year's numbers, and that the report will be included in the 2012 budget books. He added that the press had requested the report, and that is why he presented it to the committee this evening.

JP Allen stated this weekend is the 10th anniversary of 9-11 and that they all should remember who fought and died for us, and not to ever forget what happened on September 11, 2001.

JP Douglas announced that a Legislative Committee meeting will be held Thursday September 8, 2011 at 6 p.m.

JP Allen announced that the next Finance Committee meeting will be held Tuesday, October 4, 2011 at 5:30 p.m.

Upon motion and second the meeting adjourned at 7:47 p.m.